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INFO RUCNMR/MERCOSUR COLLECTIVE
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STATE FOR WHA/BSC, INL/LP (JIM HIDES)
EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD

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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE JUNE 16-22,
2007

1. SUMMARY

-- Striking Uranium
-- Child's Name: Unknown
-- Cargill Investment Worth Beans
-- INL Funds Fight for IPR
-- Drug Addiction Doubles

STRIKING URANIUM

12. (U) Alexander Hirtz of Transandes Paraguay SA announced that the Canadian company has confirmed the existence of uranium in the Yuty area of the Caazapa Department. Hirtz (the firm's primary investor) explained that the next step is to determine the quantity of uranium located at the Yuty find. The company currently has USD six million invested towards uranium mining in Yuty. Paraguay has a similar geological make up as South Africa (where a large uranium deposit exists), thus the potential for a substantial find of enriched uranium in Paraguay does exist and could be of considerable importance and financial gain for Transandes Paraguay SA and any others involved in the project. (NOTE: Press reports indicate that demand for uranium in the region is expected to grow as Argentina has almost completed construction on a second nuclear power plant and Brazil also has plans for the construction of a nuclear power plant. END NOTE.)

CHILD'S NAME: UNKNOWN

13. (U) According to GOP data over 77 percent of children in Caaguaz are not documented in the Civil Registry. The Department of Caaguaz held an event this week to create awareness about the large number of unregistered children in the region. Various government ministries (Youth and Adolescence Secretariat, Ministry of Justice and Work, Ministry of Public Health and Social Justice, the Ministry of Education and Culture, and the Interior Ministry, Identification Department of the National Police) in conjunction with the NGO Plan Internacional - Paraguay, formed an inter-institutional roundtable in 2005 to modify law and policy to facilitate registration. They also began a

national registration campaign. (NOTE: since then 26,000 children and adolescents have been registered; however, factors such as distance from a Civil Registry and parental indifference continue to be a major source of the problem. END NOTE.) GLOBAL Infancy, Plan Internacional and the Youth and Adolescence Secretariat presented a proposal at the event to initiate further efforts for the remainder of the year.

CARGILL INVESTMENT WORTH BEANS

14. (U) United States based agricultural company Cargill broke ground on June 19 to begin construction of a river port and soybean crushing facility near Asuncion. According to Cargill, the total investment could reach USD 180 million. The initial USD 17 million investment will increase the port's capacity as a grain terminal. Once completed, the new terminal is expected to create 3,000 jobs. Cheaper and more reliable barge transportation from Asuncion to Argentina on the Paraguay River justifies the new facility even though most of the soybeans are grown near other Cargill facilities near Ciudad de Este on the less easily navigable Parana River in eastern Paraguay near Brazil. Cargill exported more than USD 300 million worth of agricultural products from Paraguay in 2006.

INL FUNDS FIGHT FOR IPR

15. (U) In a joint ceremony with Paraguay's Attorney General Ruben Candia Amarilla, Ambassador Cason donated USD 130,000 worth of INL-funded equipment and vehicles to the Public Ministry for the benefit of Paraguay's specialized IPR prosecutors on June 20. Computers, scanners, cameras and other office equipment along with five 4x4 trucks will be assigned to the Attorney General's IPR units in Asuncion and

Ciudad del Este. Press coverage of the ceremony emphasized the Ambassador's remarks about the importance of protecting intellectual property rights.

DRUG ADDICTION DOUBLES

16. (U) A new study by the Paraguayan Drug Observatory released January 19 shows that habitual consumption of marijuana among adolescents has almost doubled between 2001 and 2005. The survey-based study showed an increase from 1.3 percent in 2001 to 2.2 in 2005. The study determined that school children will come into contact with up to 13 different illegal substances (including cocaine, ecstasy, amphetamines, and methamphetamines) by the time they reach middle school. The study also found that 64 percent of minors consume alcohol. 40 percent of that group consume on a regular basis, of which 25 percent are under the age of fourteen. Social programs that provide treatment do exist (such as Alcoholics Anonymous and Narcotics Anonymous), and the Drug Observatory has begun prevention programs in schools. SENAD formed a Micro-trafficking Department to combat smaller scale drug operations that focus on adolescents. However, the increased numbers of drug users demonstrates the necessity for further improvement.
CASON